

NCA
VOC FOR IOP/FN
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ENERGY STRATEGY -- A NEW PHASE

ANNCR :

THE US ENERGY DEPARTMENT IS DRAFTING A NEW PROGRAM AIMED AT DEVELOPING ALTERNATIVE ENERGY SOURCES IN ORDER TO REDUCE U.S. DEPENDENCE ON CONVENTIONAL FUELS. VOA'S LARRY LESUEUR HAS SOME OBSERVATIONS.

VOICE:

IN WHAT AMOUNTS TO A SECOND PHASE IN THE CARTER ADMINISTRATION ENERGY STRATEGY, THE NEWLY CREATED U.S. DEPARTMENT OF ENERGY IS LOOKING PAST THE NATIONAL ENERGY PLAN IT RELEASED LAST APRIL. THAT PROGRAM CURRENTLY REMAINS STALLED IN A HOUSE-SENATE CONFERENCE COMMITTEE -- HELD UP BY A CONGRESSIONAL DEADLOCK OVER TWO KEY ENERGY PROPOSALS. HOWEVER, BOTH SIDES ARE IN AGREEMENT ON THREE MAJOR PARTS OF THE BILL.

THE ADMINISTRATION'S ENERGY PLAN STRESSES ENERGY CONSERVATION AS THE QUICKEST WAY OF REDUCING U.S. DEPENDENCE ON IMPORTED ENERGY SUPPLIES. YET SOME OF THE CONGRESS DELAY IS BASED ON THE VERY EMPHASIS OF THE ADMINISTRATION'S ENERGY PROPOSALS. INDEED, SOME INFLUENTIAL MEMBERS OF THE SENATE CALLED THE CURRENT ENERGY PLAN MORE OF A TAX BILL THAN AN ENERGY BILL. IN PARTICULAR, POWER INDUSTRY REPRESENTATIVES, TESTIFYING AT THE PUBLIC HEARINGS WERE SHARPLY CRITICAL OF THE COST OF MANDATED CONVERSION TO COAL AND THE STRESS ON TAX-INDUCED CONSERVATION.

BUT AS NOW ENVISAGED, FUTURE U.S. ENERGY STRATEGY WOULD EMPHASIZE DEVELOPMENT OF ENERGY PROCESSES, SUCH AS CONVERSION OF COAL INTO A LIQUID FUEL AND INTO A FORM OF

NATURAL GAS. THESE WOULD REQUIRE LARGE-SCALE PLANTS THAT ARE NOT NOW ECONOMICAL BUT MIGHT BECOME SO IF OIL AND NATURAL GAS GROW SCARCER AND MORE EXPENSIVE. CONGRESS HAS MADE PLAIN THAT IT EXPECTS A U.S. ENERGY STRATEGY THAT WOULD EMPHASIZE, IF NOT COMPLETE ENERGY INDEPENDENCE, THEN AT LEAST THE PROSPECT OF NATIONALLY-CONTROLLED ALTERNATIVE ENERGY SOURCES.

THE NEW DRAFT PLAN, EXPECTED TO EMERGE FROM THE ENERGY DEPARTMENT NEXT YEAR, WOULD OUTLINE SOME OF THE ENERGY OPTIONS NOW UNDER CONSIDERATION, PARTICULARLY THOSE ATTAINABLE BY 1990. IT'S ESTIMATED THAT FIVE OR TEN PER CENT OF THE COUNTRY'S COULD COME FROM UNCONVENTIONAL SOURCES BY THAT TIME. THE OBJECTIVES OF THE NEW PLAN WOULD BE TO PROVIDE LOAN GUARANTEES TO INDUSTRY TO AID CONSTRUCTION OF ENERGY DEVELOPMENT FACILITIES, AND, IN ADDITION, GUARANTEE A MARKET FOR HIGH-PRICED ALTERNATIVE FUELS.

(OPT) ONE OF THE MOST DISCUSSED COMPONENTS OF THE NEW PLAN IS A PROPOSAL TO TRANSFORM COAL INTO A LIQUID FUEL THAT COULD BE BURNED IN FACTORY BOILERS. AN INDUSTRIAL OIL REFINER HAS PROPOSED BUILDING A SMALL TWENTY THOUSAND BARREL-A-DAY PLANT BY 1982, WHICH WOULD PRODUCE A COAL-DERIVED FUEL AT TWENTY-NINE DOLLARS A BARREL. FIVE YEARS LATER, A FULL-SCALE PLANT WOULD PRODUCE SUCH FUEL AT TWENTY DOLLARS A BARREL. BY COMPARISON, IMPORTED OIL NOW COSTS FOURTEEN DOLLARS A BARREL. (END OPT)

WHEN THE NEW ENERGY DEPARTMENT PLAN IS READY FOR RELEASE, PROBABLY EARLY IN 1979, IT WILL BE SUBMITTED FOR CONGRESSIONAL CONSIDERATION. SOME MEMBERS OF CONGRESS INDICATE THEY WOULD WARMLY WELCOME ANY INNOVATIVE ENERGY PLANS. SOME SENATORS SAY THEY WOULD REGARD SUCH A SCHEME AS A LOGICAL EXTENSION

OF THE CURRENT ENERGY CONSERVATIONS PROPOSALS. THEY ALSO SUGGEST THAT IT MIGHT, IN ADDITION, GIVE A SECOND CHANCE TO SOME OF THE ADMINISTRATION'S ENERGY PROPOSALS THAT A SENATE COMMITTEE DISCARDED LAST YEAR.

JS/PY